

EXHIBIT CCC

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VERSION

1 UNITED STATES DISTRICT COURT
2 NORTHERN DISTRICT OF CALIFORNIA
3 SAN JOSE DIVISION
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6 IN RE: HIGH-TECH EMPLOYEE)
7 ANTITRUST LITIGATION)
8) No. 11-CV-2509-LHK
9 THIS DOCUMENT RELATES TO:)
10 ALL ACTIONS.)
11 _____)
12
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14 CONFIDENTIAL
15 VIDEO DEPOSITION OF STEPHANIE SHEEHY
16 March 5, 2013
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19 REPORTED BY: GINA V. CARBONE, CSR NO. 8249, RPR, CCRR
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09:51:23 1 Q. Your current job title isn't compensation
09:51:28 2 manager?

09:51:29 3 A. That's an informal one.

09:51:35 4 Q. What do you mean by that?

09:51:41 5 A. It is a reflection of what I do, but it is not
09:51:48 6 formally my title in our system.

09:51:54 7 Q. What was the time period that you were an HR
09:51:58 8 analyst?

09:51:59 9 A. I don't remember the actual time period. I
09:52:02 10 don't -- obviously when I started until I got the
09:52:06 11 promotion, and I don't remember when that was.

09:52:18 12 Q. It was, however, your first job title at Pixar
09:52:22 13 when you started in 2004?

09:52:25 14 A. 2005, yes.

09:52:29 15 Q. 2005. Okay.

09:52:36 16 You started Pixar in 2005?

09:52:37 17 A. Yes.

09:52:49 18 Q. Was there any gap in your employment between EA
09:52:58 19 and Pixar?

09:52:59 20 A. Yes.

09:52:59 21 Q. What did you do during that time?

09:53:01 22 A. Traveled, slept, just existed.

09:53:08 23 Q. Sounds like good times.

09:53:24 24 How did you get promoted from HR analyst to
09:53:28 25 manager of HR?

09:53:31 1 A. My boss came to me when our -- I don't know
09:53:38 2 what Dan's title was -- when the person who held this
09:53:41 3 job before me left, and asked me if I would be
09:53:47 4 interested in taking it.

09:54:06 5 Q. What's your best recollection of when you were
09:54:08 6 promoted?

09:54:09 7 MS. HENN: Objection. Asked and answered.

09:54:10 8 THE WITNESS: I still don't know.

09:54:12 9 MS. CISNEROS: Q. I mean, can you narrow
09:54:13 10 it down at all? You have a sense, was it two weeks
09:54:17 11 after you had your HR analyst job or was it years
09:54:21 12 after?

09:54:22 13 A. It was not two weeks. I'm sure it was more
09:54:29 14 than a year after the HR analyst job, but I have no idea
09:54:32 15 after that.

09:54:38 16 Q. Okay. What were your job duties as an HR
09:54:57 17 analyst?

09:54:58 18 A. To oversee and administer the salary increase
09:55:06 19 and equity plans.

09:55:28 20 Q. Did you have any other job duties besides that?

09:55:30 21 A. A lot of analytics, but nothing formal.

09:55:38 22 Q. What do you mean by analytics?

09:55:40 23 A. Some reporting duties, monthly reports.

09:55:47 24 Q. Reporting what?

09:55:49 25 A. Headcount; supply and demand report for the

09:56:06 1 facilities team for people coming on board; termination
09:56:11 2 reports; and position control report. Those are the
09:56:17 3 four regular reports. I did other analysis on an
09:56:26 4 as-needed basis, but that was -- those were one-offs.

09:56:56 5 Q. Can you walk me through each of those reports,
09:56:58 6 starting with headcount, and describe what they are.
09:57:01 7 Starting with headcount.

09:57:04 8 A. The headcount report is literally just the
09:57:07 9 number of employees who are here at the time, and all
09:57:13 10 their vital statistics: How much they make; their
09:57:20 11 classification of exemption versus nonexemption; number
09:57:28 12 of hours worked per week; it included their title; their
09:57:34 13 employee I.D.; name; and what group they belonged to.

09:57:50 14 Q. Before we move forward, I just want to jump
09:57:53 15 back and ask a quick question. Is there a formally
09:57:59 16 titled compensation manager in the HR department at
09:58:02 17 Pixar?

09:58:06 18 A. There might have been -- my predecessors might
09:58:11 19 have had that in their title, but I honestly do not
09:58:16 20 know.

09:58:17 21 Q. So currently there is no officially titled
09:58:21 22 person called a compensation manager?

09:58:27 23 A. I'm sorry, say it again.

09:58:28 24 Q. There is no person whose title is compensation
09:58:31 25 manager; you carry out those functions?

10:56:13 1 A. We provide a base salary, we provide a
10:56:20 2 short-term incentive program, a long-term incentive
10:56:25 3 program. Those are the primary cash compensation
10:56:36 4 programs. We, of course, supply benefits too, but some
10:56:45 5 people don't consider benefits compensation because it's
10:56:49 6 not cash.

10:57:15 7 Q. What are the short-term incentives that you
10:57:23 8 provide?

10:57:25 9 A. We have a film bonus program.

10:57:30 10 Q. Anything else?

10:57:33 11 A. That's the primary program is film bonuses.

10:57:39 12 Q. Is that the only program that's short-term --

10:57:42 13 A. It's the only program, yes.

10:57:45 14 Q. Is there anything that's a short-term incentive
10:57:48 15 besides a film bonus?

10:57:50 16 A. On occasion, there is a discretionary bonus.
10:57:55 17 But that's not a program, and it's on a one-off basis.

10:58:18 18 Q. Besides a film bonus and the discretionary
10:58:22 19 bonus, is there anything else that is a short-term
10:58:26 20 incentive that Pixar provides its employees?

10:58:42 21 A. There is a patent bonus program, but it's not a
10:58:50 22 formal program, and only a handful of people
10:58:55 23 participate.

10:59:04 24 Q. You've identified the film bonus, the
10:59:06 25 discretionary bonus and the patent bonus. Are there any

10:59:08 1 other short-term incentives?

10:59:20 2 A. I believe that is it.

10:59:26 3 Q. What types of long-term incentives does Pixar
10:59:29 4 provide?

10:59:31 5 A. We have a --

10:59:33 6 Q. Long-term incentive grants. Excuse me.

10:59:36 7 A. I'm sorry, say again.

10:59:37 8 Q. Long-term incentives. Yeah.

10:59:38 9 A. Long-term incentives?

10:59:40 10 Q. Yeah.

10:59:40 11 A. We have a cash --

10:59:41 12 Q. That you are referring to as part of the
10:59:47 13 compensation.

10:59:48 14 A. We have a cash grant program and an equity
10:59:50 15 long-term incentive program.

11:00:03 16 Q. By equity incentive program, do you mean stock
11:00:15 17 options?

11:00:16 18 A. Stock options and RSUs are both -- RSUs being
11:00:22 19 restricted stock units -- are both vehicles inside our
11:00:27 20 equity program.

11:00:37 21 Q. What are the factors in determining base
11:00:41 22 salary?

11:00:45 23 A. I'm sorry, could you be more specific.

11:00:47 24 Q. How is base salary determined for an employee
11:00:50 25 at Pixar?

11:00:55 1 A. From a recruiting, a new hire, or -- I'm sorry.

11:01:00 2 Q. As a matter of policy --

11:01:01 3 A. As a matter of policy --

11:01:02 4 Q. -- how are base salaries determined for Pixar

11:01:05 5 employees?

11:01:07 6 A. We use survey data for the most part.

11:01:21 7 Q. What do you do with the survey data?

11:01:23 8 A. We use it as a guideline to help us determine

11:01:28 9 the minimum salary/maximum salary for a job.

11:01:58 10 Q. What are salary ranges at Pixar?

11:02:02 11 MS. HENN: Objection. Vague.

11:02:04 12 THE WITNESS: Can you be more specific, please.

11:02:10 13 MS. CISNEROS: Q. You just testified that

11:02:11 14 you use survey data to establish guidelines to

11:02:16 15 establish a minimum and a maximum salary for a job.

11:02:22 16 Would you describe that as a salary range?

11:02:26 17 A. We don't have formal salary ranges. We just

11:02:30 18 look at the data from the surveys and determine the --

11:02:34 19 what we would assume to be the min and what we would

11:02:39 20 assume to be the max on a job-by-job basis.

11:02:52 21 Q. Is it fair to say that when one establishes a

11:02:55 22 minimum salary for a job, and then also establishes a

11:02:59 23 maximum salary for a job, that that is a salary range?

11:03:08 24 MS. HENN: Objection. Foundation.

11:03:14 25 THE WITNESS: We get new data every year, so

11:03:22 1 the range isn't set. It changes when the new data comes
11:03:29 2 in, so it's not set. That's the right word.

11:03:37 3 MS. CISNEROS: Q. So it's a range, but
11:03:38 4 it's not a set range? It might change each year you
11:03:43 5 get new data?

11:03:45 6 A. Correct.

11:03:47 7 Q. There are salary ranges used at Pixar, then,
11:03:51 8 correct?

11:03:53 9 A. Yes.

11:04:04 10 Q. When you started at Pixar in 2005, were salary
11:04:07 11 ranges used?

11:04:11 12 A. When I started as an HR analyst, I didn't do
11:04:17 13 that portion of the job, so I can't speak to that, what
11:04:21 14 was happening in 2005, because I came on board to just
11:04:25 15 oversee the increase process. But someone else was
11:04:33 16 handling that, so I can't speak to 2005.

11:04:38 17 Q. What do you mean "the increase process"?

11:04:42 18 A. I administer the salary increase process --

11:04:45 19 Q. Oh, okay.

11:04:46 20 A. -- but I wasn't responsible for salary ranges.

11:04:54 21 Q. So you are not denying that salary ranges
11:04:57 22 existed at Pixar in 2005?

11:05:00 23 A. I don't know.

11:05:07 24 Q. Did you come across salary ranges when you were
11:05:10 25 determining salary increases in 2005?

11:05:13 1 A. I did not see salary ranges when I was hired in
11:05:17 2 2005 to oversee the salary increase process. If they
11:05:21 3 existed or not existed, I don't know.

11:05:24 4 Q. Do you have any reason to think that they
11:05:26 5 didn't exist in 2005?

11:05:28 6 A. I don't know if they did or not. I have no
11:05:31 7 reason to believe they did or did not exist.

11:05:37 8 Q. My question is a little more specific. Is
11:05:38 9 there a specific reason that you have in mind to think
11:05:41 10 that there weren't salary ranges in 2005?

11:05:45 11 MS. HENN: Objection. Asked and answered.

11:05:50 12 THE WITNESS: I'm sorry. Can you ask the
11:05:51 13 question again.

11:05:54 14 MS. CISNEROS: Q. So you've conceded that
11:05:56 15 Pixar has used salary ranges. Is there any reason
11:06:00 16 to think in 2005 Pixar was not using salary ranges?

11:06:09 17 A. I don't know if they were or were not. I have
11:06:12 18 no reason to think or not think they were or were not,
11:06:14 19 because I was not privy to that information.

11:06:34 20 Q. When did you first become aware that Pixar used
11:06:37 21 salary ranges?

11:06:48 22 A. I don't remember when that was. I don't
11:06:58 23 remember when I found that -- that.

11:07:26 24 Q. How -- let me rephrase. Strike that.

11:07:32 25 What employees are subject to salary ranges?

11:07:42 1 MS. HENN: Objection. Vague.

11:07:45 2 THE WITNESS: Can you clarify, please.

11:07:51 3 MS. CISNEROS: Q. You testified that there
11:07:52 4 are salary ranges for a job. Are there any jobs
11:08:02 5 that are salaried that are not subject to salary
11:08:06 6 ranges?

11:08:17 7 A. There are jobs that do not match data we
11:08:23 8 receive from our surveys.

11:08:33 9 Q. When a job doesn't match the data that you
11:08:36 10 receive from the survey, does that mean there are no
11:08:41 11 salary ranges for that job?

11:08:44 12 A. Correct. There is no formal salary range for
11:08:47 13 that job.

11:09:09 14 Q. How are base salaries determined for those jobs
11:09:13 15 that don't have matches?

11:09:16 16 A. We will look at what kind of a job it is and
11:09:26 17 determine if there is another position inside the
11:09:30 18 company which of course has different tasks, but similar
11:09:35 19 responsibilities and level of -- level of
11:09:38 20 responsibility, and create one using our survey data as
11:09:48 21 a guide.

11:10:00 22 Q. When you say create one, do you mean create the
11:10:04 23 base salary?

11:10:06 24 A. Yes.

11:10:07 25 Q. What do you mean create a salary range?

11:10:11 1 A. Create a base salary range.

11:10:27 2 Q. Why do you make a comparison to other Pixar
11:10:30 3 jobs to establish the base salary range?

11:10:37 4 A. If there's no external data from surveys, and
11:10:45 5 we need to hire someone, using our internal data -- let
11:10:55 6 me restate that. That's not correct. Using the
11:11:00 7 external data as a guide, we create a range for that
11:11:06 8 unmatched position.

11:11:22 9 Q. I thought your testimony just a moment ago was
11:11:25 10 that when you don't have survey data, you look
11:11:32 11 internally to make a base salary range.

11:11:37 12 A. Yes.

11:11:38 13 Q. You look internally to other similar jobs?

11:11:40 14 A. Yes. And I look at the jobs that there is a
11:11:45 15 match to, and I use that external data as a guide onto
11:11:50 16 how to make a range for the nonmatched position.

11:11:55 17 Q. Okay. So in addition to looking to internal
11:11:57 18 jobs that are similar to the nonmatched job, you still
11:12:02 19 consider some external data?

11:12:06 20 MS. HENN: Objection. Mischaracterizes
11:12:06 21 testimony.

11:12:08 22 MS. CISNEROS: Q. I'm asking you if that's
11:12:09 23 what you are saying. I'm trying to understand what
11:12:11 24 you are saying.

11:12:14 25 I want to know when you have a nonmatched job,

11:12:18 1 how do you determine the salary range?

11:12:21 2 MS. HENN: Objection. Asked and answered.

11:12:29 3 THE WITNESS: When I have a nonmatched job, I

11:12:32 4 look at a job internally that has similar

11:12:37 5 responsibilities, and then I go look at the external

11:12:40 6 data of what that job's range is, and then I apply it.

11:12:46 7 MS. CISNEROS: Q. Okay. Great. Thank

11:12:48 8 you.

11:13:10 9 Why do you rely on other internal jobs to set

11:13:17 10 up a job -- excuse me. Strike that.

11:13:21 11 When you have a nonmatched job, why does it

11:13:29 12 make sense to look at other similar jobs in Pixar to set

11:13:35 13 up the base salary?

11:13:39 14 MS. HENN: Objection. Mischaracterizes

11:13:40 15 testimony.

11:13:44 16 MS. CISNEROS: Q. What's your motive

11:13:45 17 there?

11:13:47 18 A. I'm sorry, my motive for?

11:13:50 19 Q. Why does it makes sense to do that as opposed

11:13:53 20 to --

11:13:53 21 A. Picking the number out of the clear blue sky?

11:13:58 22 Q. Yes.

11:13:59 23 A. Picking the number out of the clear blue sky

11:14:03 24 would -- is insane, so we choose a methodology that

11:14:10 25 makes sense to us, and that's how we do it.

11:14:16 1 Q. Do you feel that that's a fair way to do it?

11:14:18 2 To determine the salary?

11:14:24 3 A. As opposed to picking a number out of the clear
11:14:26 4 blue sky, I think that's a better method.

11:14:30 5 Q. Okay. How often are salary ranges reviewed?

11:14:40 6 MS. HENN: Objection. Lacks foundation.

11:14:47 7 THE WITNESS: Can you be more specific, please.

11:14:49 8 MS. CISNEROS: Q. Currently, how often are
11:14:50 9 salary ranges reviewed?

11:14:52 10 MS. HENN: Same objection.

11:14:57 11 THE WITNESS: We get data annually, so they're
11:15:02 12 reviewed annually.

11:15:10 13 MS. CISNEROS: Q. Since you've been aware
11:15:12 14 of salary ranges during your time working at Pixar,
11:15:16 15 have they been reviewed annually?

11:15:21 16 MS. HENN: Objection. Vague.

11:15:26 17 THE WITNESS: Since I have been involved?

11:15:28 18 MS. CISNEROS: Q. Since you've been aware
11:15:29 19 of salary ranges.

11:15:31 20 A. I can't speak to that because I don't remember
11:15:33 21 when I exactly became aware of them. I can only speak
11:15:35 22 to when I became responsible for reviewing them
11:15:42 23 annually.

11:15:44 24 Q. When did you become responsible for reviewing
11:15:46 25 them annually?

11:29:03 1 THE VIDEOGRAPHER: Would you like to change
11:29:04 2 tapes while she's reviewing the document?
11:29:06 3 MS. CISNEROS: Yeah, let's do that.
11:29:08 4 THE VIDEOGRAPHER: Just a moment.
11:29:09 5 We're going off the record at 11:29 a.m. This
11:29:12 6 marks the end of media No. 1.
11:29:19 7 (Recess taken.)
11:38:45 8 THE VIDEOGRAPHER: We're back on the record at
11:38:46 9 11:38 a.m. This marks the start of media No. 2.
11:39:00 10 MS. CISNEROS: Q. Do you recognize this
11:39:01 11 spreadsheet?
11:39:03 12 A. I'm not off page 1 yet, but I'm getting there.
11:39:07 13 Hold on just one second, please.
11:40:49 14 Q. Are you ready?
11:40:56 15 A. Yes. Can you repeat your question.
11:41:02 16 Q. Do you recognize this spreadsheet?
11:41:04 17 A. Yes.
11:41:06 18 Q. What is it?
11:41:09 19 A. It is guidelines for our salary increases and
11:41:12 20 stock option grants for 2006, it looks like. Maybe
11:41:22 21 2007.
11:41:28 22 Q. Is this a spreadsheet that you use as part of
11:41:34 23 your job duties at Pixar?
11:41:35 24 A. Yes.
11:41:36 25 Q. Okay. What's the purpose of the spreadsheet?

11:41:48 1 A. To determine -- let's see. To determine salary
11:42:03 2 increases which were in 2006. And this spreadsheet is
11:42:12 3 specifically for the technical development, also called
11:42:24 4 tools sometimes. And then stock option grants in 2006
11:42:32 5 also.

11:42:34 6 Q. What are the steps that you follow to decide
11:42:39 7 salary increases?

11:42:43 8 A. I'm sorry, could you be more specific, please.

11:42:45 9 Q. What are the steps that you take to review
11:42:47 10 salary increases?

11:42:49 11 MS. HENN: Objection. Lacks foundation.

11:42:57 12 THE WITNESS: I'm sorry. The steps I take to
11:42:59 13 review salary increases? So once they're submitted to
11:43:03 14 me, my review of them?

11:43:08 15 MS. CISNEROS: Q. Let me step back
11:43:10 16 further, then. What are the steps to determine
11:43:13 17 salary increases?

11:43:20 18 A. We determine what the salary pool is, and then
11:43:27 19 give managers a document similar to this to distribute
11:43:36 20 those salary increases.

11:43:53 21 Q. Does every manager who decides salary increases
11:44:01 22 receive a document like this?

11:44:11 23 A. In my tenure, yes.

11:44:21 24 Q. So every manager receives guidelines to make
11:44:23 25 his or her salary increase decisions?

11:44:29 1 A. In 2006, they received the guidelines on
11:44:31 2 page 1.

11:44:37 3 Q. That wasn't my question.

11:44:38 4 A. Oh, I'm sorry.

11:44:39 5 Q. Sorry. I can repeat it.

11:44:40 6 A. Please.

11:44:41 7 Q. So every manager receives guidelines to make
11:44:43 8 his or her salary increase decisions?

11:44:50 9 A. In 2006 they received these guidelines on the
11:44:55 10 first page. They receive this document -- I don't know
11:45:05 11 if the word guidelines is quite right.

11:45:14 12 Q. If you turn back to page 1.

11:45:22 13 A. Yes.

11:45:23 14 Q. What does it say in row 3?

11:45:25 15 A. Guidelines.

11:45:27 16 Q. Okay.

11:45:30 17 A. For 2006. This document was for 2006.

11:45:36 18 Q. Does it say that in row 3?

11:45:41 19 A. It says Guidelines for this document from 2006.

11:45:51 20 Q. I'm going to read for the record the text
11:45:52 21 that's in row 3. "Guidelines."

11:45:59 22 In 2007, were guidelines provided for salary
11:46:03 23 increases made by managers?

11:46:09 24 A. I clearly put this sheet in in 2006. I do not
11:46:13 25 remember if there was one in 2007. I may or may not

11:46:17 1 have put this sheet into the 2007 document. But I can
11:46:26 2 confirm in 2006, obviously, they're here. I don't
11:46:28 3 remember in 2007.

11:46:39 4 Q. Well, how were salary increases decided in
11:46:43 5 2007?

11:46:43 6 A. In a similar fashion. But I may not have
11:46:48 7 included this guideline page.

11:46:51 8 Q. How were they similarly decided?

11:46:56 9 A. I'm sorry. How was what similarly decided?

11:46:59 10 Q. You testified that in 2007, salary increases
11:47:05 11 were decided in a similar fashion. What do you mean by
11:47:07 12 that?

11:47:09 13 A. The guidelines were determined in a similar
11:47:10 14 fashion.

11:47:17 15 Q. So your testimony is that there were guidelines
11:47:19 16 used in 2007 to determine salary increases? Setting
11:47:26 17 aside whatever spreadsheet was specifically used for
11:47:32 18 2006.

11:47:37 19 A. Can you say that a different way, please.

11:47:40 20 Q. My question is not whether or not you used this
11:47:42 21 spreadsheet that was created for 2006 increases for 2007
11:47:49 22 increases. My question to you simply is, did you use
11:47:53 23 guidelines in 2007 to decide salary increases?

11:48:04 24 A. Informally. Maybe we used similar ones to
11:48:10 25 this, but I imagine -- let me restate that.

11:48:17 1 Similar guidelines were used in 2007.

11:48:25 2 Q. Were similar guidelines used in 2008?

11:48:38 3 MS. HENN: Objection. Vague.

11:48:40 4 THE WITNESS: Can you be more specific, please.

11:48:45 5 MS. CISNEROS: Q. You testified that in

11:48:46 6 2007 similar -- guidelines that were similar to the

11:48:52 7 2006 guidelines were used.

11:48:55 8 My question to you is, in -- with respect to

11:49:00 9 2008 salary increases, were guidelines used that are

11:49:06 10 similar to those here for the 2006 increases?

11:49:19 11 A. In 2008, yes.

11:49:30 12 Q. Same question for 2009.

11:49:33 13 A. In 2009, we were not giving equity. So some

11:49:45 14 guidelines were the same, some guidelines were different

11:49:48 15 because we didn't have an equity section.

11:49:55 16 Q. Setting aside the guidelines for equity, were

11:50:02 17 the guidelines for 2009 similar to the guidelines in

11:50:09 18 2006?

11:50:10 19 A. For salary increases, yes.

11:50:32 20 Q. Were the guidelines for salary increases in

11:50:35 21 2005 similar to the guidelines used for 2006 salary

11:50:40 22 increases?

11:50:42 23 A. I was not employed when 2005 increases were

11:50:46 24 done, so I don't know.

11:50:48 25 Q. Do you have any reason to think that the

11:50:50 1 guidelines in 2005 were different?

11:50:52 2 A. I only know from when I was hired. I don't
11:50:58 3 have any idea what was before, so I don't -- I don't
11:51:01 4 know.

11:51:02 5 Q. I'm just asking you now, right now do you have
11:51:07 6 any reason, any facts in your mind, that might lead you
11:51:11 7 to believe that the guidelines you used in 2005 were
11:51:14 8 different from those used in 2006?

11:51:17 9 MS. HENN: Objection. Asked and answered.

11:51:22 10 THE WITNESS: I don't know what the guidelines
11:51:23 11 were, so I can't speak to if 2006 was similar to 2005.
11:51:32 12 I only know what -- from my employment forward, that
11:51:41 13 these were the guidelines we used. I didn't go through
11:51:43 14 prior documentation, so I don't know what guidelines
11:51:46 15 were used prior to me being there.

11:51:59 16 MS. CISNEROS: Q. I'm just going to ask
11:52:00 17 you a yes or no question. Do you have any facts in
11:52:06 18 your mind that would lead you to believe that the
11:52:10 19 guidelines used in 2005 were different from 2006
11:52:16 20 guidelines? Just yes or no.

11:52:18 21 MS. HENN: Objection. Asked and answered.

11:52:25 22 The witness can answer how she sees fit.

11:52:31 23 THE WITNESS: I did not --

11:52:32 24 MS. CISNEROS: Q. Yes or no.

11:52:33 25 MS. HENN: Again, asked and answered.

12:02:55 1 how it worked in his organization.

12:02:59 2 Q. As a matter of policy.

12:03:05 3 A. We don't have a formal policy on these things.

12:03:16 4 So ask it again.

12:03:26 5 Q. Why did Howard review the salary planner's

12:03:31 6 input into the spreadsheet? Was Howard responsible for

12:03:39 7 making sure that the amount of increases that were given

12:03:42 8 didn't exceed the amount in the pool?

12:03:45 9 A. Howard mostly used this as a review tool. If

12:03:57 10 he had a question, he would go talk to that planner or

12:04:01 11 he could make the change. But this is not the salary

12:04:05 12 planners' document, this is a summary document.

12:04:13 13 Q. What would happen if all of the salary planners

12:04:16 14 wanted to give their particular employees high enough

12:04:23 15 increases in salaries that the total amount for all of

12:04:28 16 the employees in the group exceeded the amount available

12:04:31 17 in the pool?

12:04:36 18 A. Then the salary increases would need to go down

12:04:43 19 until they were inside the pool.

12:04:46 20 Q. Who would make that decision?

12:04:50 21 A. Each salary planner kind of understood they

12:04:54 22 needed to stay inside their pool. So if they were

12:05:06 23 outside their pool, they probably would not have sent it

12:05:09 24 to me.

12:05:15 25 Yes, they were within their pool, as a whole,

12:05:20 1 according to this document.

12:05:22 2 Q. Who is "they"?

12:05:23 3 A. These salary planners listed, as a whole, were
12:05:27 4 inside their pool for this summary document, over by \$3.

12:05:59 5 Q. Was it Howard Look's job to make sure that all
12:06:02 6 of these salary planners here, as a group, stayed within
12:06:04 7 the pool as far as their total amount of salary
12:06:07 8 increases?

12:06:09 9 A. In Howard's summary document, he would be
12:06:11 10 expected to stay within his pool.

12:06:15 11 Q. Okay. The process of deciding the salary
12:06:36 12 increases that we see -- let me rephrase that. I don't
12:06:41 13 want to confuse you or anybody.

12:06:46 14 A. Thank you.

12:06:51 15 Q. This process of allocating salary increases in
12:06:56 16 the pool that is described here with the technical
12:07:00 17 development group, did a similar process apply to other
12:07:05 18 groups of employees at Pixar?

12:07:08 19 A. Yes. There were other salary planners with
12:07:12 20 their own pools. Yes.

12:07:15 21 Q. How many pools were there?

12:07:17 22 A. I do not recall.

12:07:18 23 Q. In a given year?

12:07:20 24 A. I don't remember.

12:07:23 25 Q. Can you identify certain pools that you knew

12:07:25 1 existed in 2006?

12:07:52 2 A. Yes. There were certain pools that existed in
12:07:55 3 2006 that I could identify.

12:07:58 4 Q. Please identify them.

12:08:00 5 A. Them all?

12:08:01 6 Q. The ones --

12:08:02 7 A. I can't remember them all.

12:08:03 8 Q. The ones that are coming to your mind when your
12:08:05 9 face lit up.

12:08:08 10 A. There was one for HR, I know there was a
12:08:13 11 facilities one, I know there was a finance one,
12:08:34 12 marketing, other configurations. Those are the ones I
12:08:51 13 know for sure existed back then.

12:08:54 14 Q. For each of the groups that you identified, HR,
12:08:57 15 facilities, finance, marketing, would they receive a
12:09:04 16 similar spreadsheet in 2006?

12:09:09 17 A. Yes.

12:09:11 18 Q. Okay. Would there be a person such as Howard
12:09:16 19 Look identified for each of those groups?

12:09:23 20 A. I don't remember how the organization was
12:09:24 21 rolled up at that time. There might be, there might not
12:09:30 22 be. I don't remember the exact structure.

12:09:37 23 Q. How did each of those groups make sure that
12:09:40 24 they stayed within the pool that they were allocated for
12:09:45 25 salary increases?

12:09:48 1 A. Can you be more specific.

12:09:54 2 Q. Each of these groups had a pool allocated to
12:09:58 3 them for salary increases, correct?

12:10:00 4 A. Yes.

12:10:01 5 Q. They needed to stay within their pool as a
12:10:04 6 total of all of the salary increases that were awarded?

12:10:07 7 A. Yes.

12:10:12 8 Q. Was there a point person who would ensure that
12:10:19 9 the bottom line number for that group was within the
12:10:23 10 pool amount?

12:10:25 11 A. Yes. That was Lori McAdams and myself.

12:10:40 12 Q. Was there ever a problem --

12:10:42 13 A. In 2006, yes.

12:10:49 14 Q. For 2007, were you -- did you and Lori have
12:10:51 15 a -- the same role as far as making sure that these
12:10:58 16 salary increases were -- remained within the pool
12:11:01 17 amount?

12:11:04 18 A. Yes.

12:11:08 19 Q. In 2008, did you both have the same role with
12:11:13 20 respect to making sure that the salary increases for
12:11:17 21 these groups stayed within the pool amount?

12:11:24 22 A. Yes.

12:11:29 23 Q. Same question for 2009.

12:11:48 24 A. Could you repeat the question so I know exactly
12:11:50 25 what I'm answering for 2009, please.

12:11:57 1 Q. Sure. Did you and Lori both have the same role
12:12:06 2 with respect to making sure that the salary increases
12:12:08 3 for these groups stayed within the pool amount --

12:12:12 4 A. Yes.

12:12:12 5 Q. -- in 2009?

12:12:14 6 A. Yes. Thank you for repeating that for me.

12:12:17 7 Q. No problem.

12:12:32 8 Was there ever a situation where the salary
12:12:35 9 planners, in any of these groups that you've identified,
12:12:37 10 wanted to provide more salary increases than their pool
12:12:45 11 allowed for?

12:12:52 12 A. I'm sure they all wanted to, but we kept them
12:12:54 13 to their pool.

12:12:57 14 Q. How did you go about doing that?

12:12:58 15 A. We told them our expectations ahead of time by
12:13:02 16 providing them a pool, and they knew we expected them to
12:13:08 17 not spend outside of their pool. And so to the best of
12:13:15 18 my memory, they stayed within their pool.

12:13:34 19 Q. What are job families?

12:13:41 20 A. Job families are also called job groups, which
12:13:47 21 I referred to earlier. They are a grouping of
12:13:57 22 similar -- not similar. That's not the right word.
12:14:00 23 They're a grouping of employees that sit together in our
12:14:07 24 structure.

12:14:13 25 Q. Why are the employees grouped together?

12:14:19 1 A. I'm sorry, why are employees grouped together?

12:14:23 2 Q. I can rephrase.

12:14:23 3 A. That would be great. Thank you.

12:14:36 4 MS. CISNEROS: Can we go off the record?

12:14:38 5 THE VIDEOGRAPHER: We're going off the record

12:14:39 6 at 12:14 p.m.

12:14:41 7 (Recess taken.)

12:15:54 8 THE VIDEOGRAPHER: We're back on the record at

12:15:55 9 12:15 p.m.

12:16:04 10 MS. CISNEROS: Q. So we were talking about

12:16:06 11 job families, also known as job groups. How do you

12:16:11 12 decide that a group of jobs should be in the same

12:16:15 13 family?

12:16:20 14 A. Using my facilities example, we determine all

12:16:26 15 the facilities jobs and we put them in a group called

12:16:29 16 facilities. So I don't know how much more specific I

12:16:34 17 can get than that.

12:16:37 18 Q. That's fine.

12:16:38 19 A. Okay.

12:16:51 20 Q. What's the purpose of grouping jobs -- putting

12:16:56 21 jobs together in a family or group?

12:17:05 22 A. It's -- in the case of facilities, it's easier

12:17:09 23 to find all the facilities jobs if you know they're in

12:17:13 24 the facilities group. So it's an easy way to keep them

12:17:26 25 all together.

12:31:27 1 A. No, that's not true. But it's not -- you are
12:31:36 2 asking a hypothetical question. I would have to
12:31:39 3 hypothetically know what I would do in some future time
12:31:42 4 because it hasn't happened to this point.

12:31:45 5 Q. Well, if you are saying that you could
12:31:46 6 hypothetically -- you could answer the hypothetical
12:31:48 7 question conceivably, then why can't you answer the
12:31:53 8 hypothetical question now?

12:31:56 9 MS. HENN: Object to form.

12:32:05 10 THE WITNESS: Hypothetically -- you asked me
12:32:12 11 not to guess. And anything in the future would be
12:32:15 12 guessing on what I'd do. So I'm not going to guess.

12:32:30 13 MS. HENN: So it's 12:30. I don't know if this
12:32:32 14 is a good time to break, but I think we did have lunch
12:32:35 15 brought in and it's been delivered.

12:32:37 16 MS. CISNEROS: Okay.

12:32:37 17 MS. HENN: It's in a different room.

12:32:38 18 MS. CISNEROS: Okay. Sure. Let's take a break
12:32:40 19 now.

12:32:43 20 THE VIDEOGRAPHER: We are going off the record
12:32:44 21 at 12:32 p.m.

12:32:46 22 (Recess taken.)

01:10:31 23 THE VIDEOGRAPHER: We're back on the record at
01:10:33 24 1:10 p.m.

01:10:58 25 (Discussion off the record.)

01:11:09 1 MS. CISNEROS: Q. Earlier you talked about
01:11:10 2 using market data to -- earlier you were talking
01:11:19 3 about -- testifying that you used market data to
01:11:24 4 establish the salary ranges.

01:11:26 5 A. Yes.

01:11:27 6 Q. Were you referring to Croner survey data?

01:11:32 7 A. Two, actually. We use two. Croner and Radford
01:11:39 8 are the two that we use.

01:11:41 9 Q. Take me through the steps that you follow to
01:11:43 10 use that data and make the salary ranges.

01:11:50 11 A. Let me think, is there a big difference between
01:11:52 12 them? No, we use them pretty much the same, both Croner
01:11:56 13 and Radford.

01:11:59 14 So we have met with each manager and gotten a
01:12:01 15 match for all the matches that are matchable. The
01:12:05 16 employees that are matchable to a job in one of the two
01:12:09 17 surveys. And we submit our data at certain points
01:12:20 18 during the year.

01:12:21 19 And then when we get our data back, we compare
01:12:26 20 where the employee match range was that -- we use the

01:12:28 21 [REDACTED]

01:12:32 22 [REDACTED], and where the employee presently is in their
01:12:37 23 salary, what their current salary is, and we see where
01:12:41 24 they land inside that range. We use the 10th, 25th,
01:12:46 25 50th, 75th and 90th percentile.

01:13:29 1 Q. You testified that "we submit our data at
01:13:32 2 certain points during the year."

01:13:34 3 A. Yes.

01:13:36 4 Q. To whom?

01:13:41 5 A. To the Croner company and to the Radford
01:13:43 6 company. Actually, I think it's Aon is the Radford
01:13:45 7 company. The Croner company is the Croner survey, but I
01:13:49 8 think it's Aon is the company that does Radford.

01:13:55 9 Q. And you say you use the 10th percentile as the
01:13:57 10 minimum and the 90th percentile as the max. You mean
01:14:03 11 the 10th percentile of the survey that you are looking
01:14:07 12 at?

01:14:07 13 A. Yes. The data comes in different core tiles.
01:14:11 14 Not core tiles, because there are more than four, but
01:14:15 15 different percentiles. And we use the 10th percentile
01:14:19 16 as our min and the 90th percentile as our max.

01:14:26 17 Q. Are there any other factors that you consider
01:14:29 18 in setting the minimum or the maximum range besides the
01:14:34 19 survey data?

01:14:38 20 A. For the matchable jobs, we use that -- the min
01:14:42 21 and the max as our guideline. So with the external
01:14:48 22 data, that's mostly what we use to guide us in our
01:14:53 23 decision making.

01:15:51 24 Q. You testified that you look at where employees
01:15:55 25 presently are in their salaries with respect to landing

01:29:15 1 A. Which part would you like me to expand on?

01:29:19 2 Q. That you can have an engineer that falls into
01:29:21 3 one -- excuse me, you have an engineer who falls into 2
01:29:26 4 and an engineer that falls into 3; are you simply
01:29:30 5 stating that you can have an engineer at Pixar who falls
01:29:33 6 into level 1 on the Radford matrix and an engineer that
01:29:37 7 falls on level 3?

01:29:39 8 A. Yes. When I am doing a comparison, I can have
01:29:42 9 one software engineer who matches to the Radford data
01:29:48 10 level 2 and another engineer that matches to the Radford
01:29:52 11 level data -- I'm sorry, Radford level 3, but they can
01:29:56 12 both have a software engineer title. Inside my
01:29:59 13 organization, they can have the same title.

01:30:09 14 Q. Okay. Separate from the Radford levels that
01:30:14 15 are level 1, 2, 3, 4, does Pixar have a method of
01:30:22 16 determining who's a more senior or advanced software
01:30:30 17 engineer? Or I guess -- let me rephrase that.

01:30:38 18 Apart from different job titles, is there a way
01:30:42 19 that Pixar will look at all of its software engineers
01:30:46 20 and categorize them into -- according to their skills,
01:30:57 21 their knowledge, and their experience or some similar
01:31:06 22 factors?

01:31:07 23 A. No. We don't classify them that way. We don't
01:31:11 24 have a junior and a regular and a senior, and we don't
01:31:14 25 have a level 1 and 2 and 3. That's not our

01:31:19 1 classification system.

01:31:20 2 Q. What's your classification system?

01:31:22 3 A. They're all called software engineers. And we
01:31:26 4 don't classify them outside of Radford, which is how
01:31:30 5 your question started, so I'm just circling back on
01:31:33 6 that.

01:31:33 7 Q. Okay.

01:31:34 8 A. They're all software engineers.

01:31:36 9 Q. Okay. Do you use the Radford classification
01:31:41 10 for Pixar purposes separate from getting the data ready
01:31:48 11 to submit to Radford?

01:31:52 12 A. We don't classify them -- like, if I'm talking
01:32:00 13 about a software engineer, I wouldn't say, oh, software
01:32:03 14 engineer level blank, because that's not how we see
01:32:05 15 them. They're all software engineers.

01:32:08 16 When I'm looking at the data provided by
01:32:11 17 Radford or to Radford, we look at levels like this, but
01:32:16 18 otherwise we don't classify them that way. They're all
01:32:19 19 software engineers.

01:32:24 20 We don't refer to, oh, they're a software
01:32:27 21 engineer Radford level 3. That's not what we do.

01:32:51 22 Q. What about with respect to Croner? Croner has
01:32:56 23 a method of classifying job positions?

01:32:58 24 A. Yes.

01:32:58 25 Q. Do you use those job classifications within

01:33:02 1 Pixar for any purpose apart from the -- the --

01:33:12 2 submitting the data to Croner?

01:33:16 3 A. No. Just for Croner, the submitting data to
01:33:20 4 and getting information back, is the only time we use
01:33:23 5 the Croner classification system --

01:33:29 6 Q. You don't consider those classifications to
01:33:31 7 judge whether or not a person is at the right salary
01:33:35 8 level?

01:33:37 9 A. We use the data that we get back and compare
01:33:40 10 their current salary to the Croner data, or Radford,
01:33:45 11 either case, but we don't use it internally, we just use
01:33:52 12 it compared to the data.

01:33:57 13 Q. Okay. Have there been any changes to the
01:34:24 14 Radford job matrix scheme, generally?

01:34:28 15 A. Oh, generally, no. There have been changes
01:34:30 16 between when this matrix existed and what exists now.
01:34:38 17 They've consolidated, is probably the best word, and so
01:34:43 18 they have.

01:34:45 19 Q. Consolidated what?

01:34:47 20 A. There was no engineering job matrix. That's
01:34:49 21 what this is -- I believe what we're calling it. We've
01:34:51 22 all agreed to call it because that's the title in the
01:34:54 23 upper-left-hand box. There is no engineering job matrix
01:34:57 24 any longer in the current Radford system. There is
01:35:01 25 three different leveling charts; management, individual

01:35:07 1 contributor and support.

01:35:09 2 And all their jobs, regardless, engineering,
01:35:12 3 all their jobs, they use this one leveling chart. So
01:35:16 4 this is a chart that they must have used back in the
01:35:20 5 day, but they do not use it anymore.

01:35:23 6 Q. When did that change happen that you just
01:35:24 7 described?

01:35:25 8 A. I have no idea. I don't know. I'm sorry. Off
01:35:29 9 the top of my head, I have no idea. I just know that
01:35:33 10 this is not what currently exists.

01:35:35 11 Q. Okay. But it did exist at some point, I guess?

01:35:39 12 A. Not in my tenure of doing this work, but if
01:35:43 13 this came from Radford, then, yes, it must have had --
01:35:49 14 must have existed.

01:35:50 15 Q. When did you --

01:35:52 16 A. I'm sorry?

01:35:53 17 Q. When did you start working with the Radford
01:35:55 18 survey?

01:35:55 19 A. When I took over the manager job. And I don't
01:35:59 20 remember when that is.

01:36:14 21 Q. Did the person before you use the Radford
01:36:16 22 survey?

01:36:19 23 A. I don't know.

01:36:23 24 Q. Was it introduced to you as a new tool?

01:36:28 25 A. It was introduced to me as a tool. I couldn't

01:44:55 1 A. The tools group. The tools group.

01:44:59 2 Q. What is the tools group?

01:45:04 3 A. What do you mean what is the tools group? You
01:45:06 4 mean -- can you be more specific, please.

01:45:11 5 Q. If you were to describe to your friend what the
01:45:16 6 tools group at Pixar is, how would you describe it?

01:45:22 7 A. They make our internal tools.

01:45:25 8 Q. What you are referring to here, the tools group
01:45:27 9 that had a higher percentile?

01:45:30 10 A. They make the -- our internal tools.

01:45:32 11 Q. What are your internal tools?

01:45:34 12 A. They're the tools that we use to make films.

01:45:41 13 Q. What are some of the tools that you use to make
01:45:43 14 films?

01:45:46 15 A. I'm not that close to what they create. I
01:45:53 16 don't know.

01:45:54 17 Q. Does it mean proprietary software that Pixar
01:45:58 18 has?

01:46:08 19 A. Yes. I'm sure it includes proprietary
01:46:13 20 software.

01:46:16 21 Q. So the tools group comprises of software
01:46:21 22 engineers?

01:46:24 23 A. There are definitely software engineers in the
01:46:26 24 group.

01:46:26 25 Q. Who else is included in the tools group?

01:46:32 1 A. There are a couple of different job titles --
01:46:41 2 actually, can I just refer back and read some of them?

01:46:45 3 Q. Sure.

01:46:46 4 A. Great. Software engineer, PNG software
01:46:56 5 engineer, senior software engineer, Menve support
01:47:05 6 engineer.

01:47:05 7 (Reporter clarification.)

01:47:05 8 THE WITNESS: Menve, M-E-N-V-E.

01:47:09 9 Those are some examples.

01:47:14 10 MS. CISNEROS: Q. Thank you.

01:47:17 11 Why did Pixar decide that it was necessary for
01:47:19 12 the tools group to have their base salaries on average
01:47:21 13 at a higher than [REDACTED] -- percentile level?

01:47:31 14 A. We were competing with technology companies in
01:47:36 15 the Bay Area, and our recruiting team was hearing from
01:47:53 16 candidates that they were getting better offers
01:48:01 17 elsewhere.

01:48:19 18 Q. So this change occurred sometime before the
01:48:22 19 economic crisis hit. Are you referring to sometime
01:48:26 20 before 2008? Or before 2009?

01:48:34 21 A. Before 2009.

01:48:35 22 Q. What year did it happen? I should ask in a
01:48:38 23 more straightforward way.

01:48:45 24 A. I think of it as 2009.

01:48:52 25 Q. What was the percentile level that was the

01:48:58 1 aspiration for this group of employees?

01:49:03 2 A. [REDACTED]

01:49:26 3 Q. Were -- so in 2009, Pixar decided that [REDACTED]
01:49:39 4 [REDACTED] would be the percentile that would be the
01:49:46 5 aspired to average for base salaries for Pixar
01:49:52 6 employees, generally, but for the tools group -- the
01:49:58 7 tools group, their percentile would be -- target would
01:50:03 8 be [REDACTED]?

01:50:07 9 A. The [REDACTED] was kind of our practice
01:50:13 10 from when I started, and I don't know how much earlier
01:50:15 11 before that forward. We decided, prior to the economic
01:50:24 12 crisis, to change the tools percentile to the [REDACTED]
01:50:27 13 [REDACTED] And then the economic crisis came and then we
01:50:30 14 realized we didn't need to hold that.

01:50:31 15 So we didn't actually get a chance to implement
01:50:34 16 it, but we did make the active decision at one point to
01:50:37 17 do it. And then the economic crisis came, and then we
01:50:41 18 were able to get software engineers keeping our tools
01:50:46 19 group back at the [REDACTED] with the rest of the
01:50:48 20 company.

01:50:50 21 MS. CISNEROS: This needs to be marked as an
01:51:44 22 exhibit. It's PIX00012996.

01:52:06 23 THE REPORTER: Exhibit 1306.

01:52:16 24 (Whereupon, Exhibit 1306 was marked for
01:52:16 25 identification.)

01:52:45 1 MS. CISNEROS: Q. So I'm going to just
01:52:46 2 read this, which is pretty consistent with -- it's
01:52:51 3 an email from Howard Look to Lori McAdams and Ed
01:52:55 4 Catmull and Ali Rowghani.

01:52:59 5 Do you have that document in front of you?

01:53:01 6 A. Yes, I do.

01:53:02 7 Q. "This new market data corroborates what we've
01:53:05 8 been feeling about the bay area tech market heating up,
01:53:08 9 and helps partially explain why the recruiting has been
01:53:11 10 so hard, and why we've lost two other people to tech
01:53:15 11 companies."

01:53:16 12 So is this consistent with your understanding
01:53:20 13 of the pressures that --

01:53:24 14 A. Let me just finish reading it.

01:53:26 15 Q. Sure.

01:53:26 16 A. Just one second, please.

01:53:32 17 Q. You only need to read that part of it. You
01:53:34 18 don't need to read the whole thing because I don't have
01:53:36 19 any questions about the rest of it.

01:53:39 20 A. I'll just read the Howard portion.

01:53:40 21 MS. HENN: You can read as much as you feel you
01:53:42 22 need to read.

01:53:43 23 THE WITNESS: I actually read the rest of it.

01:53:47 24 Thank you very much, though. I appreciate it.

01:54:02 25 MS. CISNEROS: Q. Can you read the rest of

02:35:55 1 A. Couple more pages. Thank you.

02:37:11 2 Q. Okay. Start with the cover page. So I see
02:37:15 3 your name here on the presentation called Salary
02:37:19 4 Analysis. Were you involved in drafting this
02:37:24 5 presentation?

02:37:24 6 A. Yes.

02:37:27 7 Q. Okay. What was your role in drafting it?

02:37:34 8 A. Mark Joseph and myself did the work that you
02:37:38 9 see in this document.

02:37:45 10 Q. What work did you do, specifically?

02:37:49 11 A. We carved it up -- we carved up the work, and
02:38:04 12 then we worked on many pieces together.

02:38:08 13 Q. What pieces of -- which of the carved pieces
02:38:11 14 landed on your plate?

02:38:22 15 A. Do you want to go page by page?

02:38:24 16 Q. Just generally, can you characterize it?

02:38:27 17 A. The Salary Survey information was mostly mine.
02:38:41 18 We did University Relations together. I don't remember
02:38:42 19 who did Turnover Activity. Impact of Ongoing
02:38:47 20 Compensation Activities, he did some, I did some. And
02:38:56 21 then the Average Salary Growth over Time was -- and the
02:39:01 22 salary costs were mostly him.

02:39:06 23 Q. Okay. Why was the presentation created?

02:39:10 24 A. We were just taking a look at our salaries. We
02:39:17 25 had hit the economic crisis, and we were just looking at

02:39:24 1 our business, and the salary portion of our business,
02:39:28 2 with fresh eyes.

02:39:37 3 Q. Who was the audience for this presentation?

02:39:47 4 A. Mark and I put it together. Lori McAdams and
02:39:58 5 Ali Rowghani, I believe, were the people who asked us to
02:40:03 6 do the work. And I know they each saw the finished
02:40:09 7 product. I don't know where it went after that.

02:40:17 8 Q. So am I correct, did you present it at an event
02:40:22 9 or a meeting?

02:40:24 10 A. No. We sat in Lori's office first and Ali's
02:40:30 11 office second and discussed it, but we never presented
02:40:33 12 it. There was no -- were you describing a screen?
02:40:36 13 There was no screen.

02:40:39 14 Q. Did Lori present it to somebody?

02:40:41 15 A. I do not know.

02:40:46 16 Q. Well, let's look at page 2.

02:40:48 17 A. Okay.

02:40:49 18 Q. Executive Overview.

02:40:51 19 A. Uh-huh.

02:40:52 20 Q. [REDACTED]

02:40:56 21 [REDACTED]

02:41:01 22 [REDACTED]

02:41:04 23 [REDACTED]

02:41:14 24 [REDACTED]

02:41:18 25 [REDACTED]

02:41:21	1	[REDACTED]
02:41:27	2	[REDACTED] [REDACTED]
02:41:32	3	[REDACTED]
02:41:35	4	[REDACTED]
02:41:37	5	[REDACTED]
02:41:49	6	[REDACTED] [REDACTED]
02:41:52	7	[REDACTED]
02:41:58	8	[REDACTED]
02:42:02	9	[REDACTED]
02:42:07	10	[REDACTED] [REDACTED]
02:42:10	11	[REDACTED]
02:42:16	12	[REDACTED]
02:42:23	13	[REDACTED] [REDACTED]
02:42:26	14	[REDACTED] [REDACTED]
02:42:30	15	[REDACTED] [REDACTED]
02:42:35	16	[REDACTED]
02:42:44	17	[REDACTED]
02:42:49	18	[REDACTED] [REDACTED]
02:42:54	19	[REDACTED] [REDACTED]
02:42:59	20	[REDACTED]
02:43:03	21	[REDACTED]
02:43:07	22	[REDACTED]
02:43:16	23	[REDACTED]
02:43:24	24	[REDACTED] [REDACTED]
02:43:27	25	[REDACTED] [REDACTED]

02:59:13 1 know when that was.

02:59:21 2 Q. What is the Fac/Luxo/Sec group? And maybe
02:59:28 3 that's shorthand and you can explain.

02:59:31 4 A. It is. It's a combination of three facilities
02:59:37 5 is the F-A-C; Luxo is the cafe staff; and S-E-C stands
02:59:44 6 for security, and that's our safety and security team.

02:59:49 7 Q. So am I correct that this group includes all
02:59:59 8 employees -- facilities employees, cafe staff, and
03:00:04 9 security and safety team employees?

03:00:08 10 A. Yes.

03:00:10 11 Q. Okay. Finance. Finance group includes all
03:00:15 12 employees in the finance department?

03:00:19 13 A. Finance and accounting. Some people think of
03:00:21 14 them separately, but yeah. The finance and accounting
03:00:23 15 team.

03:00:27 16 Q. So the finance group includes all employees in
03:00:29 17 the finance and accounting teams?

03:00:32 18 A. Yes.

03:00:33 19 Q. And that's been consistent throughout your
03:00:36 20 tenure?

03:00:38 21 A. The finance team does not include production
03:00:41 22 finance in this graph. The finance team only includes
03:00:47 23 operational finance and accounting.

03:00:52 24 Q. Okay. From 2005 to 2007, what -- what
03:01:01 25 employees consisted of the finance group?

03:01:07 1 A. Mostly the financial and accounting people with
03:01:11 2 the exception of production finance. Not counting
03:01:15 3 production finance, all other financial employees and
03:01:19 4 accounting employees would fall into the finance
03:01:22 5 category described here.

03:01:26 6 Q. That was your testimony as to 2005 through
03:01:29 7 2009. I'm just seeing it pop up on the transcript as
03:01:33 8 2007, but I believe I asked 2009 and I want to --

03:01:36 9 A. You did say 2007, but the answer is the same
03:01:39 10 for both.

03:01:41 11 Q. I must not be speaking --

03:01:43 12 A. Glad I'm not the only one.

03:01:50 13 Q. So now we're at HR.

03:01:55 14 A. Shall I just hop in there?

03:01:56 15 Q. Yeah. Just hop in there.

03:01:57 16 A. Okay. HR stands for human resources. R-E-C-R
03:02:03 17 stands for recruiting, P-U stands for Pixar University,
03:02:08 18 and A-R-C stands for archive.

03:02:12 19 Q. And all of those entities are teams comprised
03:02:19 20 of one group?

03:02:20 21 A. For this presentation, we put those teams
03:02:23 22 together.

03:02:25 23 Q. Okay. Well, are these groups right here, then,
03:02:35 24 created specifically for the presentation or are they --

03:02:39 25 A. When you say "right here," do you mean the ones

03:02:42 1 HR, recruiting, is that "right here"?

03:02:51 2 Q. There is nine groups identified right here.

03:02:52 3 A. Yes.

03:02:53 4 Q. Do these groups have any meaning, as far as HR

03:02:55 5 policy and practices go, outside of the graph that you

03:03:00 6 put together?

03:03:02 7 MS. HENN: Objection. Vague.

03:03:06 8 THE WITNESS: Can you rephrase, please.

03:03:11 9 MS. CISNEROS: Q. Earlier we talked about

03:03:12 10 job families and job groups. Are these job families

03:03:17 11 or job groups, or are these just groups you created

03:03:20 12 for the presentation?

03:03:22 13 A. I understand now. Thank you.

03:03:24 14 These are groups that exist as groups outside

03:03:27 15 of this presentation.

03:03:29 16 Q. Oh, they do. Are they job families?

03:03:35 17 A. Job groups. Yes.

03:03:37 18 Q. Job groups. Okay.

03:03:42 19 So HR, Recruiting, Pixar University and

03:03:44 20 Archives consist of one job group?

03:03:47 21 A. No. Consist of four job groups.

03:03:51 22 Q. Oh, four different job groups. Okay.

03:03:54 23 So then -- yeah. That makes sense. So

03:03:57 24 facilities is one job group, cafe is another job group?

03:04:05 25 A. (Nonverbal response.)

03:22:11 1 to retain them.

03:22:15 2 Q. Does Pixar track employees that it is
03:22:21 3 particularly interested in retaining?

03:22:25 4 A. No. We don't have any -- well, I have not done
03:22:29 5 an analysis that tracks desirable and undesirable
03:22:39 6 current active employees. This is -- for me, this is
03:22:42 7 the only time that I have tracked this, and that was
03:22:46 8 with a termination.

03:22:49 9 Q. So to your knowledge, Pixar, to the extent
03:22:56 10 certain employees are considered by their managers to be
03:23:01 11 especially desirable, there is no systematic way, at
03:23:08 12 least from your perspective as compensation, of knowing
03:23:12 13 that -- the identities of those employees?

03:23:20 14 A. Um....

03:23:20 15 Q. Maybe I'm wrong and there is a way.

03:23:28 16 A. Let me think for a moment. Because we do track
03:23:32 17 employees who are struggling or needing improvement. So
03:23:43 18 we track the people who are perhaps on Performance
03:23:58 19 Improvement Plans. Yes, we do track that.

03:24:05 20 Q. Do you track the rock stars?

03:24:10 21 A. We have a ranking process, and that's where we
03:24:17 22 identify people who are struggling and the people who
03:24:20 23 are -- how they're performing all along the spectrum
03:24:25 24 from rock star to struggling.

03:24:28 25 Q. Okay. At any time from 2005 through 2009, did

03:24:54 1 Pixar use monetary awards to retain employees?

03:25:00 2 A. I can't speak to anything prior to my starting.

03:25:06 3 Q. During your tenure at Pixar, has Pixar used

03:25:09 4 monetary awards to retain employees?

03:25:15 5 MS. HENN: Objection. Vague.

03:25:17 6 THE WITNESS: Can you define monetary awards,

03:25:18 7 please.

03:25:19 8 MS. CISNEROS: Q. Compensation.

03:25:23 9 A. Could you be a little more specific.

03:25:25 10 Compensation is so broad.

03:25:30 11 Q. Any special -- just one moment.

03:26:01 12 Has any particular form of compensation,

03:26:06 13 benefit, salary, stock options, been used for the

03:26:12 14 specific purpose of retaining a particular employee?

03:26:24 15 A. You gave me four choices. What was the first

03:26:26 16 one? I'll try to handle them one at a time instead of

03:26:29 17 answering them in a blob, which I don't think I could

03:26:32 18 answer.

03:26:33 19 Q. Any form of compensation is the first one.

03:26:37 20 Benefits.

03:26:39 21 A. Benefits, no. So for benefits, to my

03:26:42 22 knowledge, our benefits package is standard across all

03:26:48 23 employees. So I don't believe there is anything from a

03:26:50 24 benefits perspective that we have offered to someone to

03:26:55 25 retain them. Not that I recall.

03:27:04 1 What was the second thing?

03:27:05 2 Q. Salary. So any salary adjustments that have
03:27:07 3 been made to retain a particular employee?

03:27:14 4 A. On occasion we will have someone outside of the
03:27:21 5 merit process, which is where we do our increases. We
03:27:26 6 will recognize that they are game changer -- a game
03:27:31 7 changer, I guess, and we will realize that we definitely
03:27:37 8 want them to stay without any inkling that -- they may
03:27:44 9 be perfectly happy. We proactively could, and have on
03:27:51 10 occasion, very often, given them an off-cycle increase.

03:28:07 11 Q. How often did that happen on a year-to-year
03:28:15 12 basis from 2005 to 2009?

03:28:18 13 A. I came at the end of 2005, so -- and I was only
03:28:22 14 brought on for salary increases. So I wasn't involved
03:28:24 15 in that until --

03:28:25 16 Q. Okay. 2006.

03:28:26 17 A. -- probably until partway through 2006.

03:28:31 18 But in my tenure, we probably -- total
03:28:35 19 off-cycle increases, four, five, maybe six, per year.
03:28:45 20 They're not normal.

03:29:01 21 What was the third item? Are we done with the
03:29:03 22 second item on your list of four?

03:29:07 23 Q. I still want to ask a question.

03:29:08 24 A. Sorry. Did not mean to rush you.

03:29:16 25 Q. How do these off-cycle processes typically

03:29:21 1 happen?

03:29:22 2 A. Usually the manager will come to me or to my
03:29:28 3 boss, Lori, and tell us, you know, exactly what I've
03:29:36 4 already described. This person is a game changer, I'd
03:29:41 5 really like to increase their salary. If it makes sense
03:29:50 6 to the three of us, Lori, manager, me, then we do the
03:29:54 7 off-cycle increase, we get the approvals, and we
03:30:00 8 implement it.

03:30:04 9 Q. So the three of you make that decision?

03:30:10 10 A. (Nonverbal response.)

03:30:11 11 MS. HENN: You need to --

03:30:12 12 THE WITNESS: Yes. Sorry. I was thinking.

03:30:15 13 MS. HENN: Think all you need.

03:30:16 14 THE WITNESS: No. No. Please. Keep telling
03:30:17 15 me that.

03:30:19 16 If the manager is not a VP, then we get the VP
03:30:22 17 approval too.

03:30:55 18 MS. CISNEROS: Q. Have the incentive --
03:30:57 19 has the incentive program, either in cash or equity
03:31:00 20 form, been used to award the rock star employees?

03:31:09 21 A. We're talking about long-term cash and
03:31:12 22 long-term equity?

03:31:13 23 Q. Yes.

03:31:21 24 A. Long-term equity -- let me think. Because
03:31:35 25 everyone received equity prior to 2009, everybody got

03:31:41 1 equity, so it's difficult to quantify that.

03:31:48 2 Q. So my understanding is, it's not really part of
03:31:50 3 the structure of those compensation programs?

03:31:57 4 A. I'm sorry, to do what?

03:31:59 5 Q. Well, I don't want testify as to what it is or
03:32:01 6 isn't, but --

03:32:03 7 A. No. But --

03:32:04 8 Q. Let you do that.

03:32:07 9 A. We would expect -- I would expect those people
03:32:10 10 who are rock stars to get more equity when we were
03:32:20 11 giving equity, or more cash now that we're giving cash,
03:32:23 12 within the guidelines. They might be just at the higher
03:32:27 13 end of the guideline versus the lower end. But that
03:32:29 14 would be in the regular process. It wouldn't be
03:32:32 15 anything outside of the regular process, so....

03:32:42 16 Q. Okay.

03:32:43 17 A. That, from a long-term incentive perspective.
03:32:46 18 And I think you said short-term perspective. Short-term
03:32:50 19 incentive, to my knowledge, no. Our short-term film
03:32:56 20 bonus program is -- there is not really an opportunity
03:33:02 21 there to over-reward. It's much more everybody
03:33:08 22 getting -- following the same guidelines.

03:33:13 23 Q. Circling back to the off-cycle increases.

03:33:18 24 A. Uh-huh.

03:33:20 25 Q. What impact did attrition have or concerns

03:33:26 1 about possible attrition in giving these off-cycle
03:33:33 2 awards?

03:33:34 3 A. It didn't really, because there were so few
03:33:37 4 given out. I think we had, what, 900 employees and we
03:33:43 5 gave out four or five or six. So it's not -- it's not a
03:33:49 6 vehicle for that.

03:33:51 7 Q. A vehicle for what?

03:33:52 8 A. Your attrition question.

03:33:55 9 Q. Did the managers ever communicate with you
03:33:58 10 directly about why they were seeking a -- an off-cycle
03:34:05 11 increase?

03:34:06 12 MS. HENN: Objection. Asked and answered.

03:34:10 13 THE WITNESS: Usually they come to me because
03:34:12 14 they are proactively taking care of an employee. And
03:34:21 15 then we would do the off-cycle increase if it made sense
03:34:25 16 to all the approvers involved.

03:34:30 17 MS. CISNEROS: Q. Has anybody ever left
03:34:31 18 shortly after receiving an off-cycle increase?

03:34:35 19 A. I don't know. Off the top of my head, I don't
03:34:37 20 know.

03:34:39 21 Q. Okay. Are you aware, in any of those cases,
03:34:42 22 whether the person who was awarded an off-cycle increase
03:34:46 23 was considering leaving Pixar and had an offer
03:34:50 24 elsewhere?

03:34:58 25 A. No one ever told me -- not to my recollection

03:35:01 1 did anyone ever tell me that they were looking to give
03:35:04 2 an off-cycle increase because an employee was interested
03:35:08 3 in leaving.

03:35:10 4 Q. So nobody told you one way or another?

03:35:16 5 A. Usually when a manager comes to me for an
03:35:19 6 off-cycle increase, none of them, in my recollection,
03:35:23 7 have ever said they're giving it because they are trying
03:35:29 8 to keep someone from leaving Pixar.

03:35:34 9 Q. Have any of them ever told you that that is not
03:35:38 10 the reason?

03:35:39 11 A. No one has ever told me that is not the reason.

03:35:44 12 Q. Okay.

03:35:45 13 A. To my -- to my recollection.

03:35:54 14 MS. CISNEROS: Okay. I'd like to have tab 35.

03:36:44 15 Q. Does Pixar ever create -- okay. Let me give
03:36:48 16 this a little context. Before we talked about a
03:36:50 17 leveling matrix that you pointed out was a Radford
03:36:55 18 leveling matrix; does Pixar ever create its own leveling
03:36:59 19 matrix -- matrices for HR purposes?

03:37:10 20 A. Not that I can remember.

03:37:12 21 Q. Okay.

03:37:24 22 MS. HENN: Counsel, you brought up earlier
03:37:26 23 today your concern that this deposition might go over
03:37:29 24 time, and at the time you were concerned that the
03:37:32 25 witness was spending a lot of time reading documents.

03:37:34 1 I'd just like to make a record, quickly, that
03:37:37 2 this deposition has been a very slow pace, and that you
03:37:40 3 are taking a very long time to formulate questions and
03:37:43 4 move through documents.

03:37:45 5 And I know the written record won't reflect
03:37:48 6 that, the video, of course, will. And I'll stop talking
03:37:51 7 now, but I just think it would be helpful if we can move
03:37:54 8 along, especially if you are concerned about not getting
03:37:57 9 through all your questions.

03:38:38 10 MS. CISNEROS: Q. Okay. I'll give this to
03:38:39 11 you.

03:38:45 12 This is -- needs to be marked as an exhibit.

03:38:58 13 THE REPORTER: Exhibit 1309.

03:39:00 14 (Whereupon, Exhibit 1309 was marked for
03:39:00 15 identification.)

03:39:25 16 MS. CISNEROS: Q. Because this is an
03:39:26 17 email, I found it most helpful to read from the
03:39:30 18 bottom.

03:39:34 19 A. Okay. Thank you.

03:39:35 20 Q. From the back through --

03:39:36 21 A. Got it.

03:39:38 22 Q. -- up through the top.

03:39:39 23 A. Back forward. Back forward?

03:39:43 24 Q. Yeah.

03:39:44 25 A. Okay. Thank you.

03:42:44 1 Q. Okay?

03:42:44 2 A. Yeah. Thank you.

03:42:45 3 Q. Thanks. I'm going to read the part of the
03:42:47 4 email that I'm most interested in. It's from Howard
03:42:49 5 Look to Lori McAdams. And the subject is New Tools
03:42:54 6 Leveling, and Salary Proposals.

03:42:57 7 It goes, "Hi Lori, As requested, here are the
03:43:01 8 new Tools Software Engineer leveling matrix, as well as
03:43:05 9 our proposal to do some out-of-cycle adjustments for our
03:43:10 10 under-paid engineers.

03:43:11 11 "The goal of the leveling matrix is to give us
03:43:14 12 a consistent framework for evaluating the expected
03:43:16 13 contribution of our software engineers. It also makes
03:43:20 14 it much easier to compare ourselves against the Radford
03:43:24 15 survey.

03:43:25 16 "The goal of this new salary proposal is to
03:43:28 17 compensate the lowest paid team-members who are
03:43:31 18 performing at the highest levels. This is a
03:43:33 19 'pre-emptive strike.' We want to send a clear message
03:43:37 20 to these engineers that we value them at least as much
03:43:41 21 as some new hires who are seeing much more competitive
03:43:45 22 offers from other companies."

03:43:50 23 So my first question here is, having heard this
03:43:55 24 email read out loud, are -- is it ringing a bell as far
03:44:00 25 as the use of leveling matrix -- matrices for

03:44:07 1 compensation purposes at Pixar?

03:44:12 2 A. I did not know a leveling matrix existed and
03:44:15 3 that Howard Look put one together. So I have never seen
03:44:20 4 it, and -- when was this? August 16, 2006, I was not in
03:44:32 5 the job of looking at salary data at that time, hence
03:44:35 6 that's probably why I'm not on the email. I didn't know
03:44:38 7 that existed.

03:44:42 8 Q. Is Howard Look still with the company?

03:44:43 9 A. No.

03:44:46 10 Q. Okay. What was -- do you know what his job
03:44:50 11 title was when he was at Pixar?

03:44:54 12 A. I don't. I know he was in charge of technical
03:44:58 13 development/tools team, but I don't know his title.

03:45:01 14 Q. Okay. My other question is here, on the second
03:45:26 15 paragraph, Howard talks about the goal is to send a
03:45:33 16 message -- is to adjust some of these salaries,
03:45:36 17 apparently possibly upward, at least for those who are
03:45:42 18 under-compensated, to send a message that they're valued
03:45:47 19 as much as other new hires who may have been hired at a
03:45:52 20 higher salary level.

03:45:55 21 During your tenure, has anything like this ever
03:45:58 22 happened?

03:45:59 23 MS. HENN: I'm just going to object. I'm not
03:46:01 24 sure you meant to be quoting the document, but what you
03:46:04 25 were just reading was not what the document said. Some

05:00:31 1 salary pool at a certain level, and some of the salary
05:00:42 2 chatters, is what we call them, were concerned that we
05:00:47 3 had not communicated what the pool was, and hence they
05:00:53 4 would be communicating it for the first time. And we
05:00:55 5 elected to [REDACTED]

05:01:04 6 Q. When did that happen?

05:01:15 7 A. I can't tell you the exact year. I know it was
05:01:18 8 before 2009, but I don't remember if it was '06, '07,
05:01:26 9 and '08. And I wasn't employed for '05. 2005, that is.

05:01:38 10 Q. What were the salary chatters saying?

05:01:47 11 A. They were concerned about communicating
05:01:53 12 something that had not been widely communicated before.
05:01:58 13 So they would be telling the employee what -- that they
05:02:05 14 would be getting a certain percentage increase. I
05:02:12 15 think --

05:02:18 16 Q. What was that something that hadn't been
05:02:19 17 communicated before?

05:02:22 18 A. We had taken the merit pool down, I believe, a
05:02:27 19 percentage, or half a percentage that year. And it was
05:02:31 20 different than what our employees had typically
05:02:33 21 received, and the salary chatters were concerned that
05:02:39 22 they would be communicating that. So we put it back to
05:02:42 23 where it was, and then we communicated it through the
05:02:48 24 company meetings I described earlier.

05:02:53 25 Q. Okay. And so this -- you are referring to the

05:02:55 1 merit pool that determines the salary increases --

05:02:59 2 A. Yes.

05:02:59 3 Q. -- for groups of employees.

05:03:04 4 So the -- there was -- I just want to make sure

05:03:07 5 I'm understanding what happened. But the chatters

05:03:10 6 thought that -- or let me back it up.

05:03:16 7 The plan for the -- the compensation team had a

05:03:22 8 plan to reduce the merit increase pool by a certain

05:03:26 9 percentage. The chatters thought that that hadn't been

05:03:31 10 communicated, so they were on the cusp -- they did

05:03:36 11 communicate that information?

05:03:37 12 A. They did not.

05:03:38 13 Q. They were on the cusp of doing so, and the

05:03:40 14 compensation team backed off and said no, we're going to

05:03:43 15 step back and not decrease the merit pool in the manner

05:03:49 16 that we had planned to do so beforehand?

05:03:52 17 A. Yeah. The merit pool is determined with human

05:03:56 18 resources and finance together, it's not really the

05:03:58 19 compensation team, but yes.

05:04:02 20 Q. Okay. So that's an incident that you cite

05:04:08 21 where the concern about employee morale affected actions

05:04:14 22 taken by the compensation team or the decision makers

05:04:17 23 regarding compensation?

05:04:18 24 A. Yes.

05:04:21 25 Q. Thank you. Are there any other examples that

05:04:24 1 come to mind?

05:04:26 2 A. That's the only one that's popped into my head.

05:04:38 3 At this time I can't recollect another one.

05:04:42 4 Q. Is there any way we might find out when that
05:04:45 5 happened? I know you were having a hard time
05:04:49 6 remembering exactly which year, and that's
05:04:51 7 understandable.

05:04:54 8 A. Pre-2009 is all I can confirm for you.

05:05:01 9 Q. It --

05:05:03 10 A. 2006, '07, or '08. I'm sorry. I just --

05:05:07 11 Q. That's fine. Sometime during the class period.

05:05:13 12 Can we go off the record for a moment? I want
05:05:16 13 to see how much time we have.

05:05:18 14 THE VIDEOGRAPHER: We're going off the record
05:05:20 15 at 5:05 p.m.

05:05:22 16 (Recess taken.)

05:06:01 17 THE VIDEOGRAPHER: We're back on the record at
05:06:03 18 5:06 p.m.

05:06:08 19 MS. CISNEROS: Q. Have you ever been aware
05:06:09 20 of any agreements between Pixar and Lucasfilms to
05:06:14 21 restrict recruitment of each other's employees?

05:06:17 22 A. Yes.

05:06:19 23 Q. When did you learn of that agreement?

05:06:23 24 A. I remember hearing it for the first time at
05:06:35 25 some point during my career at Lucasfilm. I was not in

1 I, Gina V. Carbone, Certified Shorthand
2 Reporter licensed in the State of California, License
3 No. 8249, hereby certify that the deponent was by me
4 first duly sworn and the foregoing testimony was
5 reported by me and was thereafter transcribed with
6 computer-aided transcription; that the foregoing is a
7 full, complete, and true record of said proceedings.

8 I further certify that I am not of counsel or
9 attorney for either of any of the parties in the
10 foregoing proceeding and caption named or in any way
11 interested in the outcome of the cause in said caption.

12 The dismantling, unsealing, or unbinding of
13 the original transcript will render the reporter's
14 certificates null and void.

15 In witness whereof, I have hereunto set my
16 hand this day: March 15, 2013.

17 ___X___ Reading and Signing was requested.

18 _____ Reading and Signing was waived.

19 _____ Reading and signing was not requested.

20

21

22

23

GINA V. CARBONE

24

CSR 8249, CRR, CCRR

25